Chain Store Age Supermarkets

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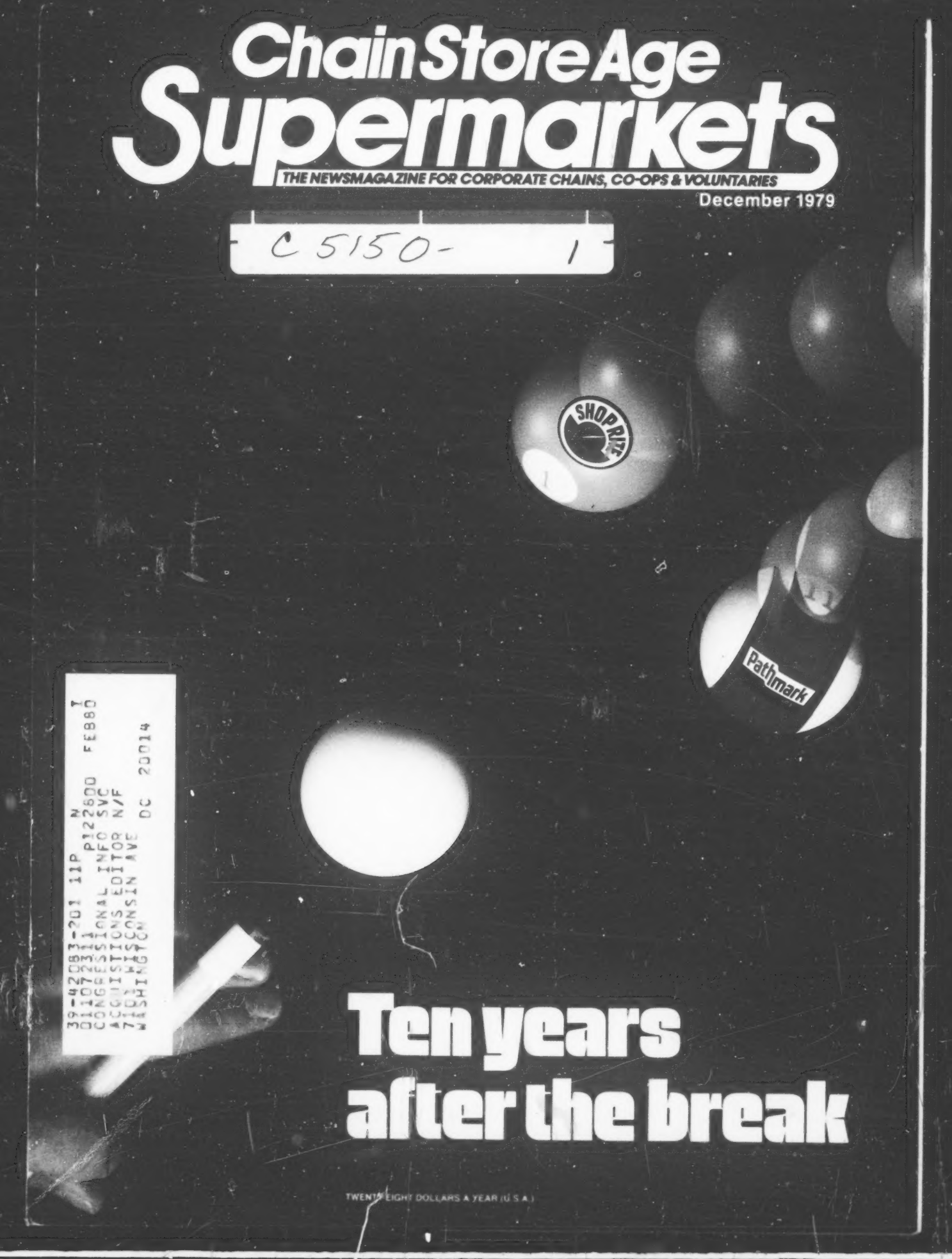

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Ten years after the break

TWENTY-EIGHT DOLLARS A YEAR (U.S.A.)

Chain Store Age
Supermarkets

27 **Ten years after the break**

Supermarkets General (Pathmark) and Wakefern Foods (ShopRite) have more than just survived their divorce—both have prospered into multimillion-dollar supermarket giants in the 10 years since they agreed to go their separate ways.

Pathmark

36 **Nonfoods:** time for a rethink.

38 **Super Centers:** thrust for the 80's.

40 **Site selection:** the laundry list approach.

41 **Advertising:** print, TV yes; sales, no.

43 **Management:** there's room at the top.

ShopRite

57 **Foodarama:** flourishing in rough waters.

63 **Big V:** pace-setting volume.

67 **Village:** building on tradition.

71 **Mott's:** matching New England's giants.

73 **Singer:** "think big" philosophy.

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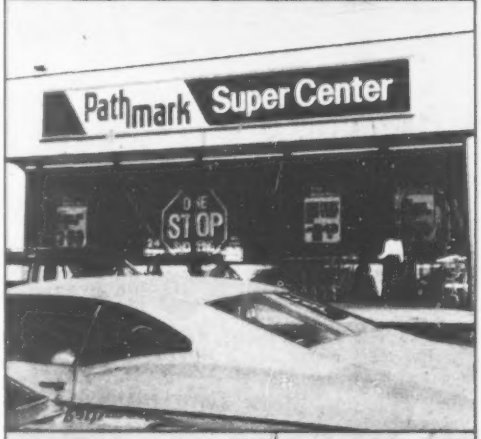

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FINANCIAL NEWS

Food Fair sets probe of management misdeeds

Chapter XI-mired Food Fair has reacted to a Price Waterhouse & Co. report critical of former management's practices by turning the matter over for study by the audit committee of its board of directors. Four nonmanagement directors will determine what disposition Food Fair should make regarding related parties and shareholders suits against the ousted management team.

"It is in the best interests of the company that basic decisions with respect to all such matters and with respect to litigation be made by directors not associated with the active management of the company, and the audit committee is the appropriate group," explains Grant C. Gentry, the president appointed this year to return Food Fair to profitability.

The audit committee is composed of James J. Needham, former chairman of the New York Stock Exchange; Robert B. Anderson, former U.S. Secretary of the Treasury; Joseph L. Castle, financial and management consultant, and Jewel S. Lafontant, former U.S. Deputy Solicitor General.

Southland records billion-dollar quarter

The financial news is all on the positive side from Southland Corp. headquartered in Dallas, Tex. The company, which operates 7,030 retail outlets including 6,739 7-Eleven convenience stores, scored significantly higher sales and earnings for the nine-month period ended Sept. 30, 1979.

The company also passed a major milestone by recording its first-ever billion-dollar quarter in the third period of its current fiscal year. "We are extremely pleased with our first billion-dollar quarter," exults chairman John P. Thompson. "While 7-Eleven sales have been excellent all year, they were exceptionally strong in the third period, traditionally our best quarter. Southland's head man identified three major reasons for the sales surge:

1. A stepped-up network television schedule.
2. Increased promotional programs.
3. Higher revenues for self-serve gasoline, now available at 2,050 7-Elevens.

Southland scored a 24.4% sales gain for the year's first three quarters. Sales rose from $2,274,674,000 to $2,831,318,000. Net income pretty much kept pace with this increase, improving 23.0% to $54,582,000.

First National profits show slight dip for half

President and chief executive officer Richard J. Bogomolny continues to wax optimistic about the progress of the turnaround at First National Stores despite a slight dip in first-half profits. For the six-month period ended Oct. 13, 1979, the Cleveland, Ohio, chain increased sales by 42.0% to $615,361,000 while net profit dipped 4.9% to $2,466,000.

According to Bogomolny, these results were achieved under some formidable pressures. For the 24 weeks this year, a LIFO provision of $4,154,000 was made, vs. $630,000 for the comparable period of last year. Greatly increased interest and utility costs, coupled with intense competition, also had a negative effect on earnings.

"Despite these challenges, we are greatly encouraged by the September quarter results," notes Bogomolny. "We believe they represent real progress in the continuing turnaround. Warehousing, transportation and administration expenses are lower as a per cent of sales as against last year, and all are below the amount budgeted.

"While the challenges of the current economic environment are great and much remains to be done, we are confident that it will only stimulate us to achieve that much more."

Fleming Co. forecasts solid 1980's growth

Shooting for a 3% tonnage gain, a sales hike of 12% per year and increased earnings of 14% annually, the Fleming Co., Oklahoma City, will continue to see solid and steady growth.

President and chief executive R. D. Harrison told the New York Society of Security Analysts (NYSSA) that the firm plans to reach these goals by expanding the distribution of perishables, enlarging the Houston facility and adding a fourth distribution center—strictly devoted to nonfoods—in Dallas.

The start-up costs of these facilities caused Fleming "to suffer pressure in operating profits," in 1978, Harrison said. But, he noted, with the increased push for productivity and technological advances, the profit picture is "already showing some improvement."

Chain Financial Scoreboard

Operation	Period	Date	Sales	% Inc./ Dec.	Net Income	% Inc./ Dec.	Net-to-sales ratio
Southland	9 mos.	9/30	$2,831,318,000	+ 24	$54,582,000	+ 23	1.93
Victory	9 mos.	9/30	184,153,000	+ 7	845,000	- 7	0.46
First Nat'l	6 mos.	10/13	615,361,000	+ 42	2,466,000	- 5	0.40
Grand Union	6 mos.	10/13	1,641,405,000	+ 60	15,717,000	+ 153	0.96
Bruno's	3 mos.	9/29	97,372,000	+ 23	1,811,000	+ 42	1.86

Source: *Chain Store Age*